State of Florida



Public Serbice Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE:

May 10, 2018

TO:

Office of Commission Clerk

FROM:

Lynn M. Deamer Lehief of Auditing, Office of Auditing and Performance Analysis

RE:

Docket No.: 20180001-EI

Company Name: Florida Public Utilities Company

Company Code: EI803

Audit Purpose: A3a: Fuel Cost Recovery Clause

Audit Control No: 2018-019-1-3

Attached is the final audit report for the Utility stated above. I am sending the Utility a copy of this memo and the audit report. If the Utility desires to file a response to the audit report, it should send a response to the Office of Commission Clerk. There are no confidential work papers associated with this audit.

LMD/cmm

Attachment: Audit Report

cc:

Office of Auditing and Performance Analysis File

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Tallahassee District Office

Auditor's Report

Florida Public Utilities Company Fuel and Purchased Power Cost Recovery Clause

Twelve Months Ended December 31, 2017

Docket No. 20180001-EI Audit Control No. 2018-019-1-3

April 27, 2018

Donna D. Brown Audit Manager

Marisa N. Glover Reviewer

Table of Contents

Purpose	1
Objectives and Procedures	2
Audit Findings None	3
Exhibit	
1: True-Up	4

<u>Purpose</u>

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Accounting and Finance in its audit service request dated January 18, 2018. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida Public Utilities Company in support of its 2017 filing for the Fuel and Purchased Power Cost Recovery Clause in Docket No. 20180001-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

FPUC/Utility refers to the Florida Public Utilities Company. FAC refers to the Fuel and Purchased Power Cost Recovery Clause.

Revenue

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2017, through December 31, 2017, and whether FPUC applied the Commission approved cost recovery factor to actual KWH sales for the FAC.

Procedures: We computed revenues using the factors in Order No. PSC-2016-0547-FOF-EI, issued December 5, 2016 and actual KWH sales fro the Fuel Revenue Reports and reconciled them to the general ledger and filing. We selected a random sample of residential and commercial customers' bills for the period and recalculated each to verify the use of the correct tariff rate. No exceptions were noted.

Expense

Objectives: The objectives were to determine whether expenses listed on the FAC filing are supported by adequate documentation and that the expenses are appropriately recoverable through the FAC and meet the criteria in Order 14546, issued July 8, 1985. In addition, we were to determine whether the energy payments to qualifying facilities are based on the appropriate standard offer or negotiated contract rate.

Procedures: We traced expenses in the filing to the general ledger. We judgmentally selected a sample of 2017 expenses for testing. The source documentation for selected items was reviewed to ensure the expense was related to the FAC and that the expense was charged to the correct account. We also read the contracts with the qualifying facilities and compared the rates billed to the contracts. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule C-1 was properly calculated.

Procedures: We traced the December 31, 2016, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2017, using the Commission approved beginning balance as of December 31, 2016, the Financial Commercial Paper rates, and the 2017 FAC revenues and costs. No exceptions were noted.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

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Page 1,975	Coperatly Charge-Miller				11.70000 3.11400		11,70000 3,15400				91,70000 8,11400			11.70000 9,11400	
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See Seas And Once 1, 221, 242 1, 102, 242 1, 102, 243		Reporter Entrolly Code Dark Poors Real Conts		63,775 1,368,973	31,535	03,546	23,748	71,760	84.094	84,323	44,134	74,004	48,031	86,200	629.934
## 15-20	•	Coff State Fuel Courts	1.223.043	1,002,800	1.181.443	1,164,238	1.321.492	1,213,667	1.396,257	1.784.036	1,072,650	1,230,289	1,193,678	1,305,001	14,210,000 15,340,001
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### STATES 194-00		Dark Contracts Correlat	1,064,700	1.064.700	1.064,700	1.054.700	1.004.700	147,517	185,012				110,523	115,227	1,523,640
### TAT72		Station Transportation	170,128		174,401	t60,003	172,636	254,006	170,213	164,222	146,840	100.026	100,633	160,000	2110,784
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## 44.202 44.201 44.202						1,130,644	. 1,167,362	1,410,993	1,491,474	1,474,341	1,517,660	1,350,623		1,894,012	14,946,480
March Marc	- 40		44.242	44,211	44,428	44,373	44 155			700,354	742,010		647,696	491,005	6,201,570
## Comment	Lindbad Flori Resources		(940)	(812.0)	(194,050)	254.056	234,752	631,210	(E07,270)	864,514	(427,620)	168,167	(802.384)	212,600	64.181
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## Sales: Flack Fl	Personal Plant Planting		3 P/2 C97		3 497 294	1,954,534	2.002.468		2.597.163	2.511.000	2,474,307	2 400 000	7,017,623 2,090,69\$		2564,739
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## Committee 1,500,000 1,5		G80	11,175,722	10,500,185	11.016.120	11,667,065	12,163,162	14,833,657	18,061,334	15.534.400	15.947.569	5,090,848 14,193,449	4,447,750	4,162,018	69,771,067 167,100,162
## Committee 1,500,000 1,5		GETD4	8,351,104 7,000,000	0,127,005	6,221,560	6,757,343	6.612.064	7,641,636	0.228.672	7,451,000	0.037.932	7.803.476	6,683,412	6.204.224	84.840.870
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